



# FY2023 Budget Overview and General Fund Five Year Forecast

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# Forward Looking Statements

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The statements contained in this presentation and made verbally in conjunction with the presentation that are not purely historical are forward looking statements, including statements regarding the City's expectations, intentions, or strategies regarding the future. Readers and viewers should not place undue reliance on forward looking statements. All forward looking statements in this presentation and made verbally in conjunction with the presentation are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or development in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this presentation and made verbally in conjunction with the presentation would prove to be accurate and may be materially different.



# Forward Looking Statements (Cont'd.)

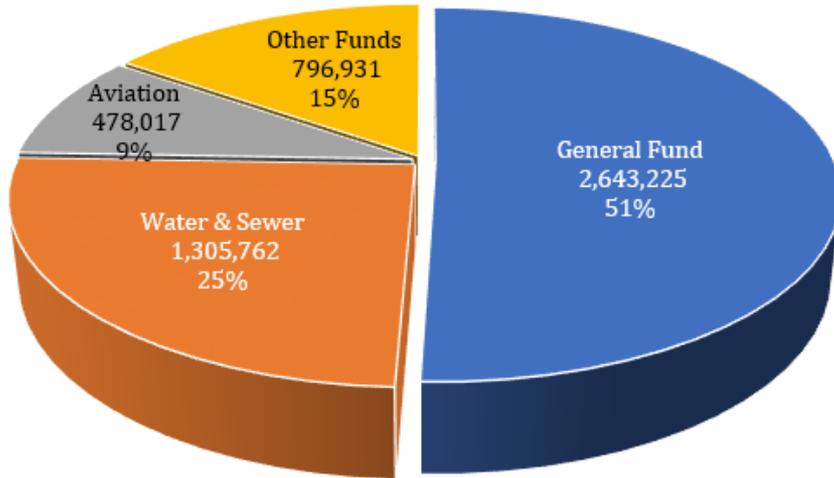
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Additionally, pension-related projections or forecasts, including projections of the amount of the UAAL and net pension liability and the amounts of actuarially calculated contributions by the City, constitute “forward-looking” information that reflects the judgment of the City, the boards of the Pension Systems and the actuaries as to the amount of assets that will be required to be accumulated for the payment of future benefits to both active and retired employees. Such judgments are based upon a variety of assumptions concerning future events and circumstances, any one or more of which could prove to be inaccurate and are subject to change in the future. The assumptions underlying the projections are material to the development of the projections, and variations in the assumptions may produce substantially different results.

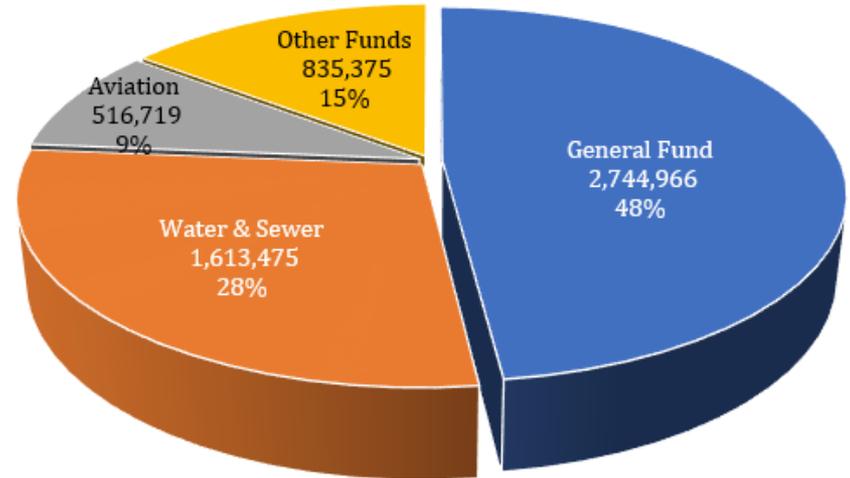
# Citywide Expenditures Including Debt Service & PAYGO (\$ in thousands)



**FY2022 CURRENT BUDGET  
OF \$5,223,935**



**FY2023 PROPOSED BUDGET  
OF \$5,710,535**

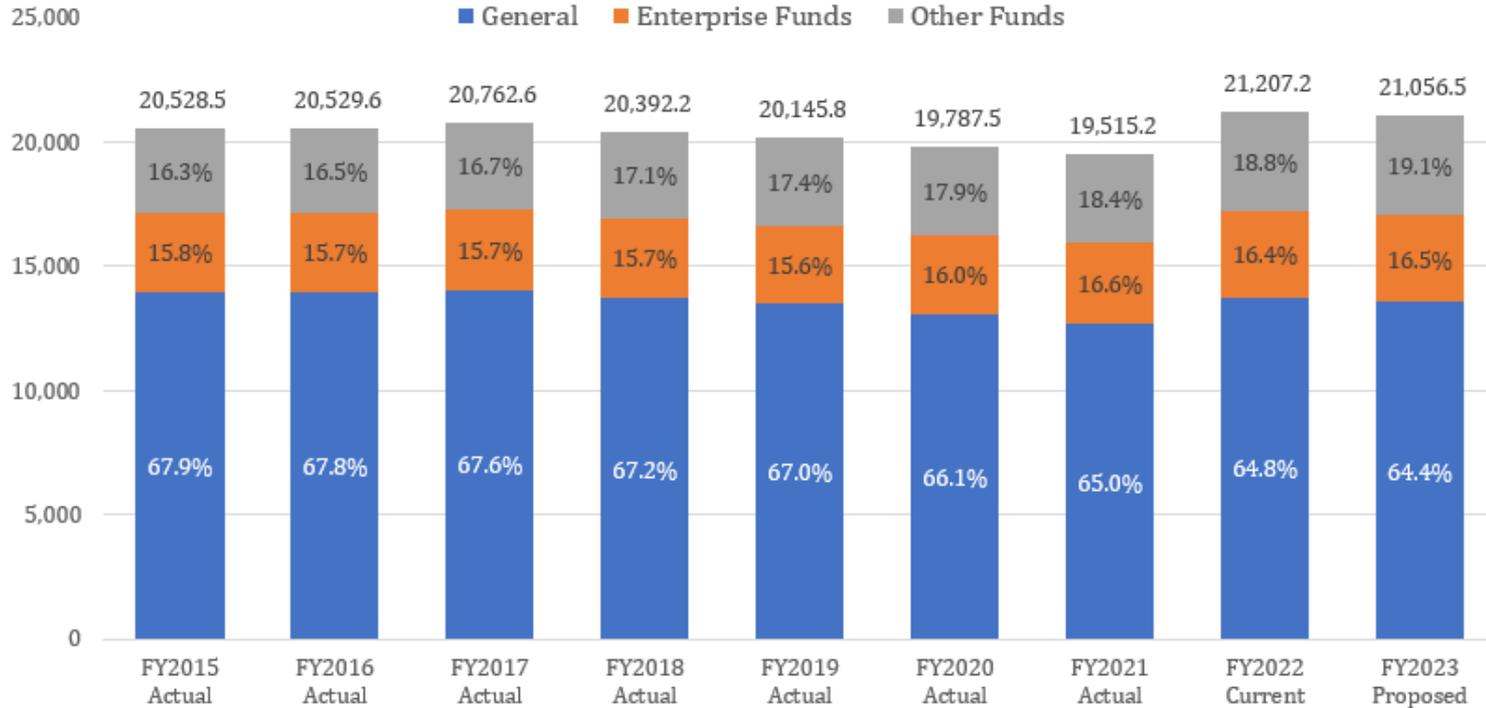


**Net Change  
\$486,600  
9.31%**

**Note:**

- Expenditures Budget above represent the total budget including General Fund, Special and Enterprise Funds. Total does not include Service Chargeback and Internal Service Funds.

# Citywide Full-Time Equivalents Civilian and Classified

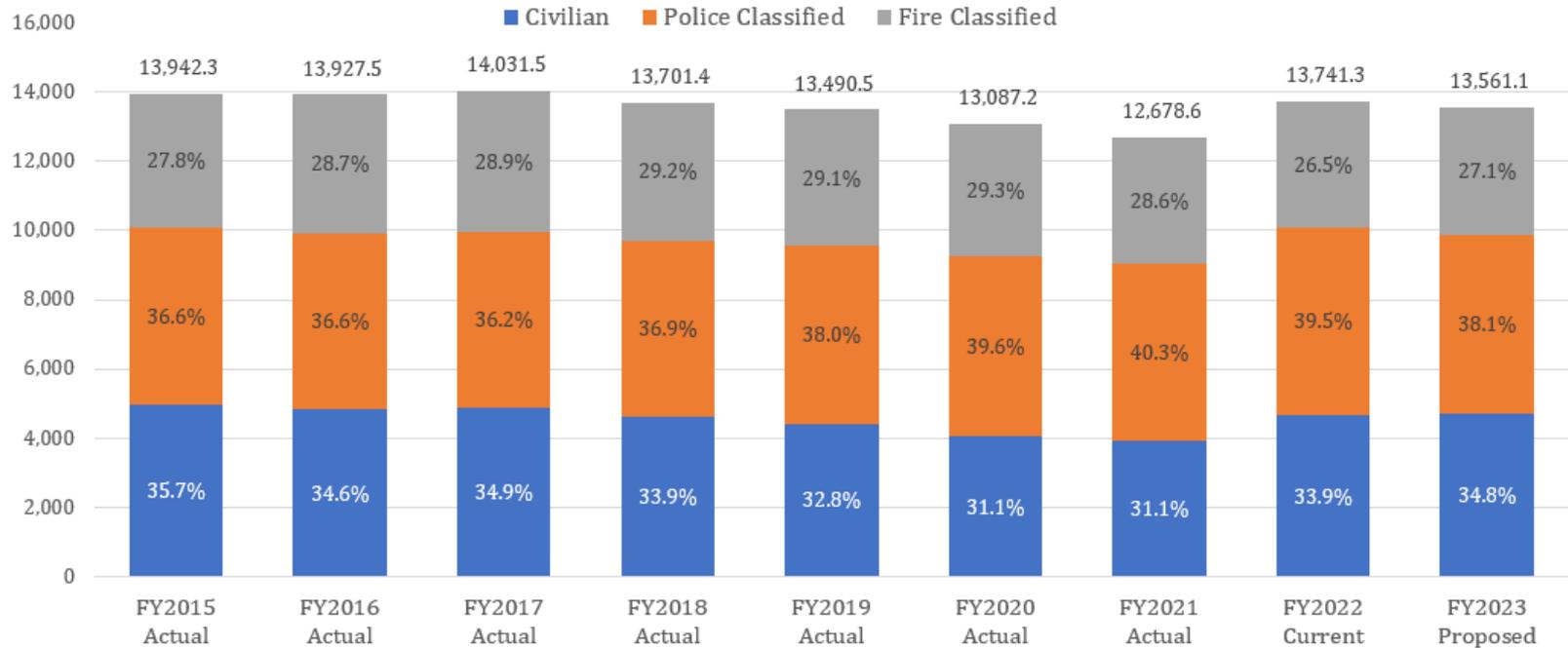


	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Current	FY2023 Proposed
<b>General</b>	13,942.3	13,927.5	14,031.5	13,701.4	13,490.5	13,087.2	12,678.6	13,741.3	13,561.1
<b>Enterprise Funds</b>	3,235.3	3,219.0	3,254.5	3,206.5	3,147.2	3,166.3	3,249.2	3,481.6	3,480.7
<b>Other Funds</b>	3,350.9	3,383.1	3,476.6	3,484.3	3,508.1	3,534.0	3,587.4	3,984.3	4,014.7
<b>Total</b>	<b>20,528.5</b>	<b>20,529.6</b>	<b>20,762.6</b>	<b>20,392.2</b>	<b>20,145.8</b>	<b>19,787.5</b>	<b>19,515.2</b>	<b>21,207.2</b>	<b>21,056.5</b>

**Notes:**

1. Citywide FTEs include General Fund, Enterprise, Special, Internal Service and Service Chargeback Funds.
2. **For General Fund :**
  - FY2020 and FY2021 includes lower FTEs due to redeployment funded out of CRF.
  - FY2022 Budget and FY2023 Proposed Budget included cadet classes (6 police, 4 fire in FY2022 and 5 police, 5 fire in FY2023).
  - FY2023 Proposed Budget includes temporary employees for Hire Houston Youth Program.

# General Fund Full-Time Equivalents



	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Current	FY2023 Proposed
<b>Civilian</b>	4,970.9	4,825.8	4,896.3	4,646.2	4,430.4	4,071.2	3,940.2	4,663.5	4,716.1
<b>Police Classified</b>	5,100.4	5,100.4	5,081.0	5,059.7	5,128.0	5,177.2	5,111.0	5,429.5	5,171.3
<b>Fire Classified</b>	3,871.0	4,001.3	4,054.2	3,995.5	3,932.1	3,838.8	3,627.4	3,648.3	3,673.7
<b>Total</b>	<b>13,942.3</b>	<b>13,927.5</b>	<b>14,031.5</b>	<b>13,701.4</b>	<b>13,490.5</b>	<b>13,087.2</b>	<b>12,678.6</b>	<b>13,741.3</b>	<b>13,561.1</b>

**Notes:**

1. FY2020 and FY2021 includes lower FTEs due to redeployment funded out of CRF.
2. FY2022 Budget and FY2023 Proposed Budget included cadet classes (6 police, 4 fire in FY2022 and 5 police, 5 fire in FY2023).
3. FY2023 Proposed Budget includes temporary employees for Hire Houston Youth Program.



# American Rescue Plan Act (ARPA)

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- ARPA was signed into law by President Joe Biden on March 11, 2021, providing \$65.1 billion in federal funding to support municipalities as they continue to respond to the COVID-19 pandemic.
- The City of Houston is expected to receive \$607.8 million in two tranches, first half in 2021 and the second half in 2022. The City would have until December 31, 2024, to use the funds.
- Unlike the CRF, ARPA recognizes the economic impact due to the COVID-19 pandemic and provides flexibility to address the reduction in revenues due to the COVID-19 public health emergency.
- This budget includes \$160.1 million in ARPA utilization for the provision of government services relative to revenue reduction due to the COVID-19 public health emergency



# General Fund Budget Overview

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- This budget includes:
  - 13.5% Fund Balance of expenditures less debt service and pay-as-you-go transfers, above the desired minimum of 7.5%
  - 3% pay raises for municipal employees
  - 6% pay raise for the fire fighters
  - 4% pay raise for the police classified
  - Fully funds the Budget Stabilization Fund
  - Funds **for cadet classes**:
    - five (5) police cadet classes and five (5) fire cadet classes
  - Fully fund all three pension systems
- This budget does not include:
  - Fund balance drawdown
  - One-time land sales nor payment deferrals

# FY2023 General Fund Revenue Including Other Resources Net Change vs FY2022 Estimates

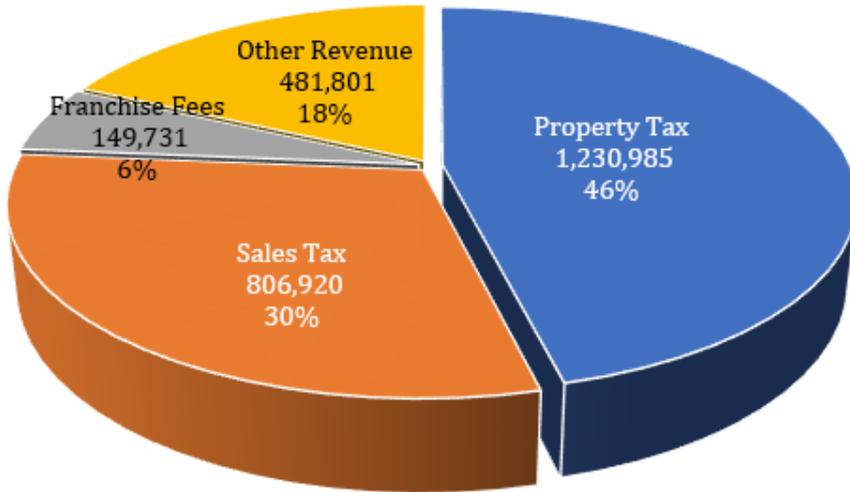


<b>FY2023 General Fund Revenues - Net Change to FY22 Estimates</b>	
(\$ in thousands )	
FY2022 Estimates Incl. Other Resources	\$2,679,683
FY2023 Proposed Budget Incl. Other Resources	\$2,744,966
<b>Incremental Increase/(Decrease)</b>	<b>\$65,284</b>
	2.44%
<b><u>Revenue Increases/(Decreases)</u></b>	
Franchise Fees <sup>1</sup>	(\$1,753)
Municipal Courts Fines and Forfeits <sup>2</sup>	(\$477)
Other Tax <sup>3</sup>	\$572
Interfund Services <sup>4</sup>	\$618
Others <sup>5</sup>	\$1,313
Charges for Services <sup>6</sup>	\$1,952
Transfers from Other Funds <sup>7</sup>	\$3,813
Intergovernmental <sup>8</sup>	\$10,378
Property Tax <sup>9</sup>	\$48,868
<b>Net Change of Revenues</b>	<b>\$65,284</b>
<b>Note:</b>	
1. Decrease primarily due to decline in telephone franchise.	
2. Reflects lower than anticipated moving violation and non-traffic fines receipts.	
3. Increase due to anticipated higher mixed beverage tax receipts.	
4. Increase mainly in Airport Police and Fire Protection.	
5. Increase primarily due to increase in interest.	
6. Increase primarily due to higher than anticipated Digital Network and Network Nodes.	
7. Increase primarily in transfer from ParkHouston Fund.	
8. Increase primarily due to ARPA receipts to cover revenue losses due to COVID-19.	
9. FY2023 Proposed Budget is based on Proposition 1+H.	

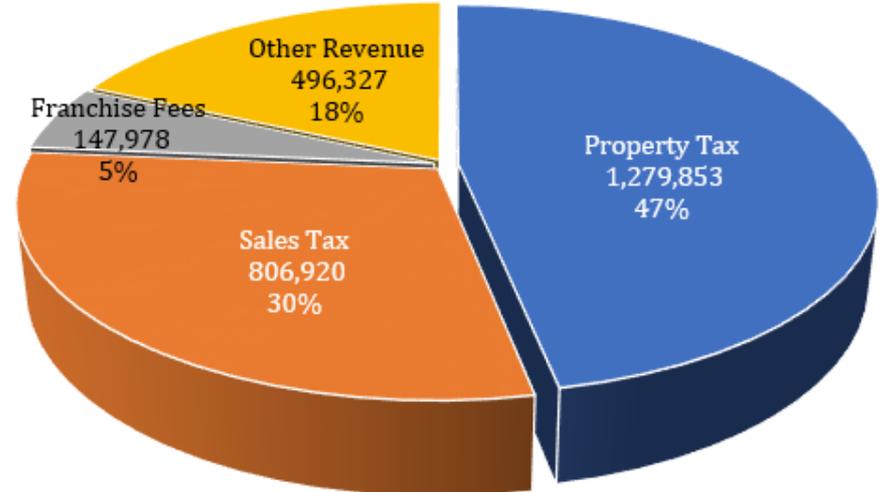
# FY2023 General Fund Revenue Excluding Other Resources (\$ in Thousands)



**FY2022 ESTIMATE  
OF \$2,669,437**



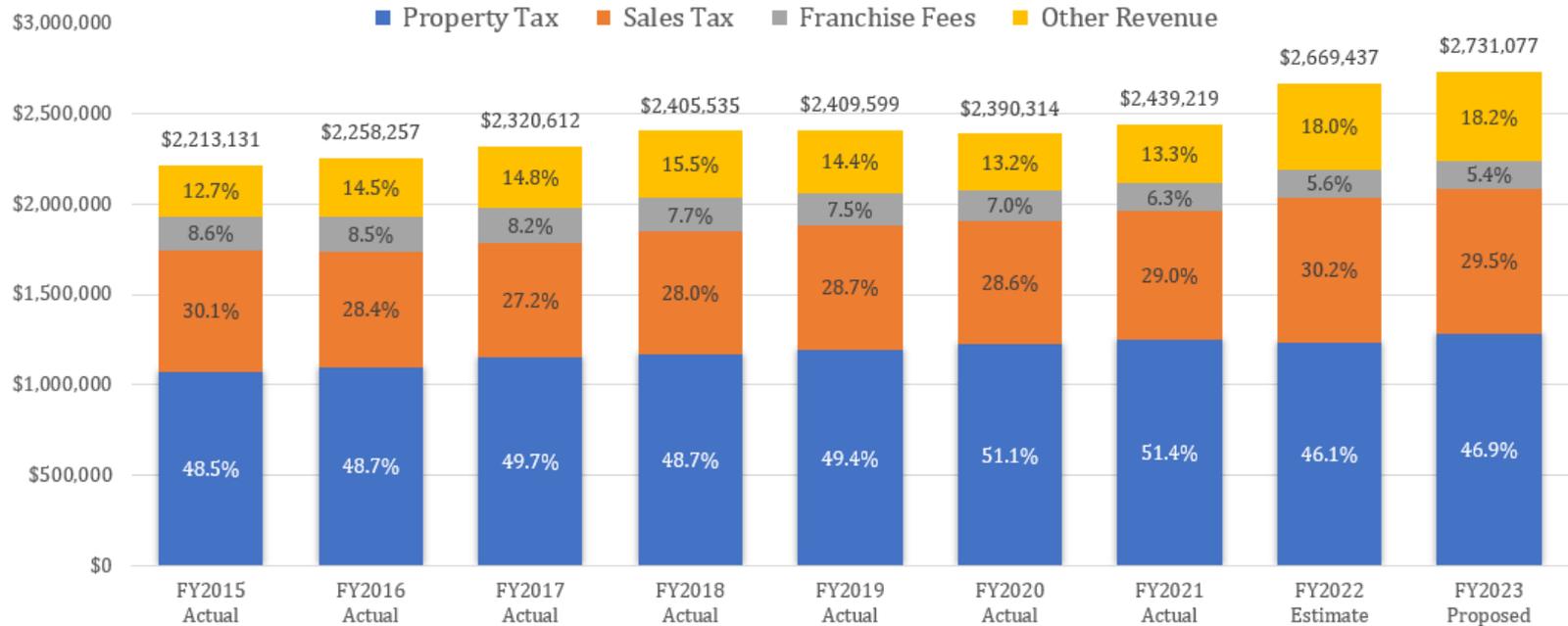
**FY2023 PROPOSED BUDGET  
OF \$2,731,077**



**Net Change  
\$61,640  
2.31%**

- Does not include Other Resources such as Sale of Capital Assets and Transfers from Other Funds.
- Includes \$160 million ARPA Funding

# General Fund Revenues Excluding Other Resources FY2015 – FY2023 (\$ in Thousands)



	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Proposed
<b>Property Tax</b>	\$1,074,435	\$1,098,664	\$1,153,991	\$1,172,543	\$1,190,243	\$1,222,154	\$1,254,016	\$1,230,985	\$1,279,853
<b>Sales Tax</b>	\$667,061	\$640,476	\$631,993	\$674,279	\$692,271	\$684,425	\$706,829	\$806,920	\$806,920
<b>Franchise Fees</b>	\$189,837	\$191,168	\$190,586	\$185,774	\$179,640	\$168,135	\$153,600	\$149,731	\$147,978
<b>Other Revenue</b>	\$281,798	\$327,949	\$344,042	\$372,939	\$347,445	\$315,600	\$324,774	\$481,801	\$496,327
<b>Total</b>	<b>\$2,213,131</b>	<b>\$2,258,257</b>	<b>\$2,320,612</b>	<b>\$2,405,535</b>	<b>\$2,409,599</b>	<b>\$2,390,314</b>	<b>\$2,439,219</b>	<b>\$2,669,437</b>	<b>\$2,731,077</b>
<b>Change YOY(\$)</b>	<b>\$159,329</b>	<b>\$45,126</b>	<b>\$62,355</b>	<b>\$84,923</b>	<b>\$4,063</b>	<b>(\$19,285)</b>	<b>\$48,905</b>	<b>\$230,218</b>	<b>\$61,640</b>
<b>Change YOY(%)</b>	<b>7.76%</b>	<b>2.04%</b>	<b>2.76%</b>	<b>3.66%</b>	<b>0.17%</b>	<b>-0.80%</b>	<b>2.05%</b>	<b>9.44%</b>	<b>2.31%</b>

Note: FY2023 Proposed Budget includes \$160 million from ARPA relative to revenue reduction due to COVID-19 public health emergency.



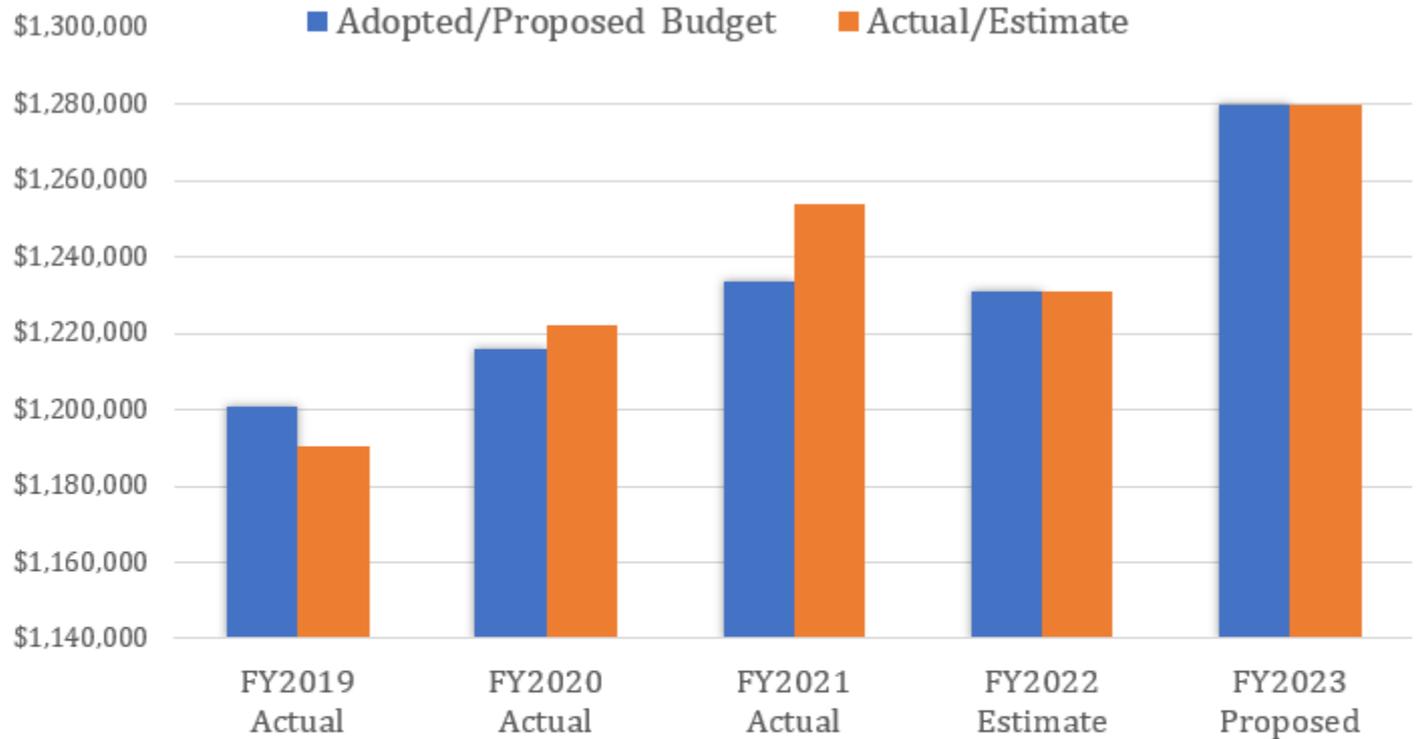
# Property Tax Revenue

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- Assumptions:
  - Estimated taxable value of \$289.0 billion, which is an increase of 8.98%.
  - The estimated taxable value net of the tax increment agreements is \$246.2 billion.
  - Population data from U.S. Census Bureau as of July 1, 2021, has yet to be received. Therefore, the Finance Department applied the inflation rate of 4.2826% plus 0% growth for population for purposes of calculating Proposition 1
  - An increase in property tax revenue of 3.97%, which is \$48.9 million higher than FY2022 estimates.
  - Over 65/Disabled exemption currently at \$160,000.

# Trends in Property Tax Revenues

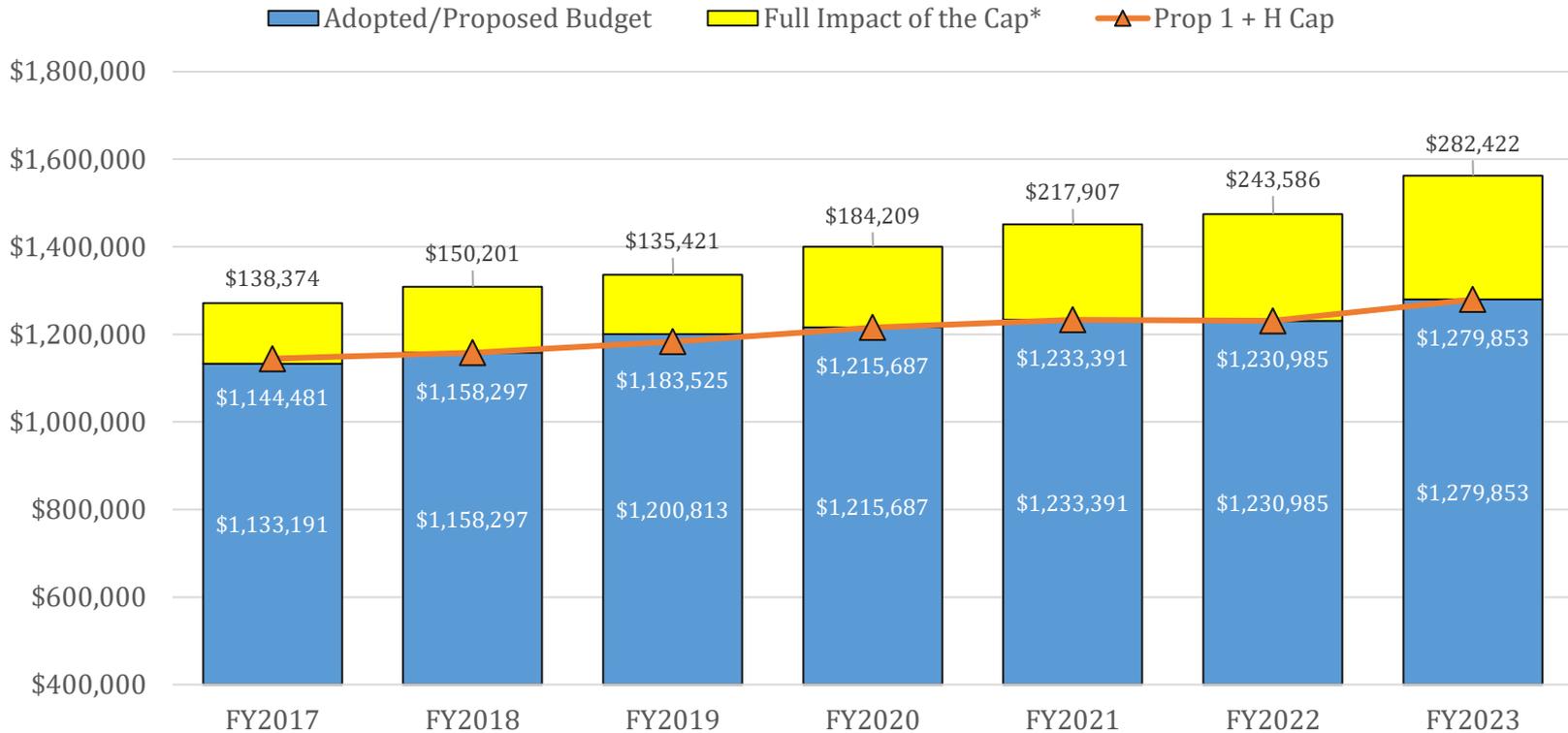
## FY2019 - FY2023 (\$ in Thousands)



	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Proposed
<b>Adopted/Proposed Budget</b>	\$1,200,813	\$1,215,687	\$1,233,391	\$1,230,985	\$1,279,853
<b>Actual/Estimate</b>	\$1,190,243	\$1,222,154	\$1,254,016	\$1,230,985	\$1,279,853
<b>Variance: Over/(Under)</b>	(\$10,570)	\$6,467	\$20,625	\$0	\$0

# Adopted Budget vs. Charter Cap

## FY2017 - FY2023 (\$ in Thousands)



Property Tax Revenue	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Adopted/Proposed Budget</b>	\$1,133,191	\$1,158,297	\$1,200,813	\$1,215,687	\$1,233,391	\$1,230,985	\$1,279,853
<b>Prop 1 + H Cap</b>	\$1,144,481	\$1,158,297	\$1,183,525	\$1,215,687	\$1,233,391	\$1,230,985	\$1,279,853
<b>Full Impact of the Cap*</b>	\$138,374	\$150,201	\$135,421	\$184,209	\$217,907	\$243,586	\$282,422

\* Since FY2015, the full impact of the property tax revenue cap is \$1.44 billion.

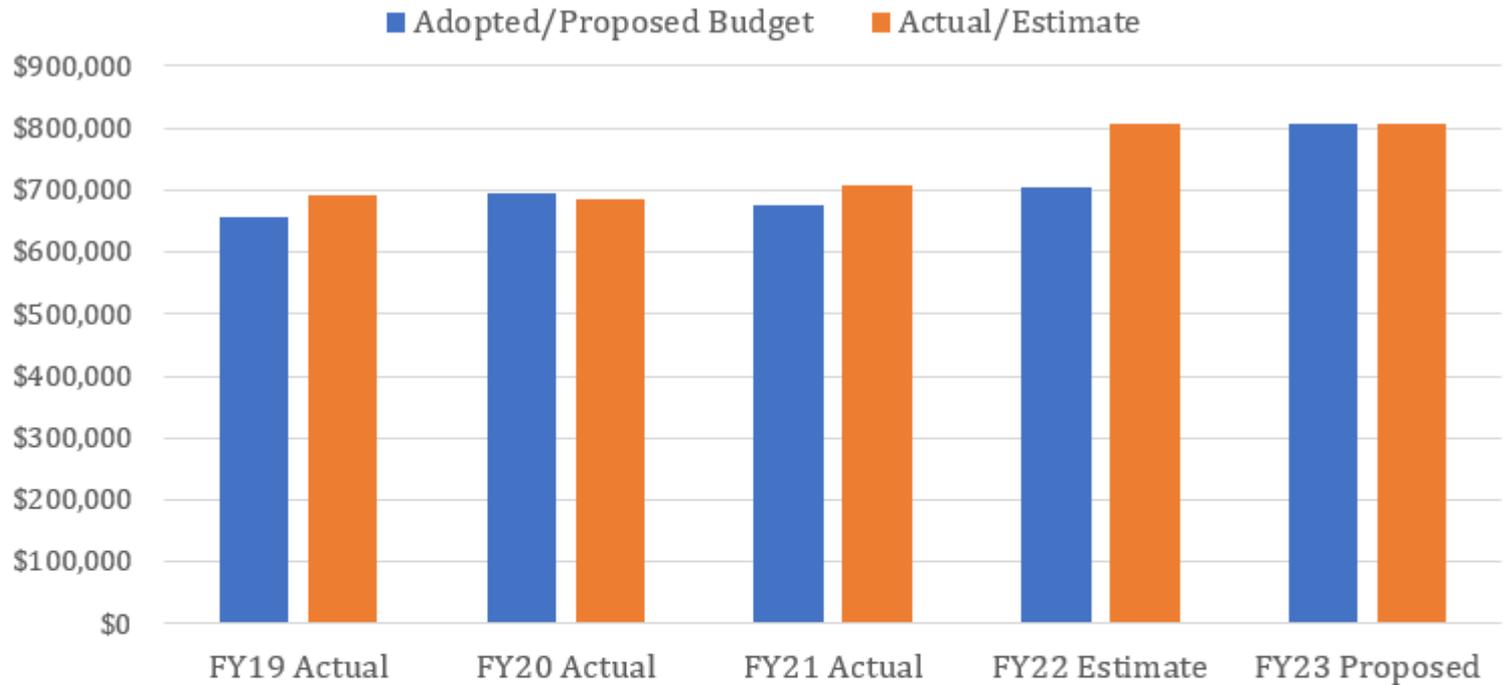


# Sales Tax Revenue

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- Assumption:
  - 0% growth from FY2022 estimates.
  - This estimate reflects an improvement to economic conditions compared to FY2021, which was severely impacted by the COVID-19 pandemic that affected our national and global economy. The budget assumes no growth from the FY2022 estimate based on the projection that Federal stimulus efforts will dissipate in 2022.
  - Employment is the key driver of sales tax revenue, including consumer sales and business to business sales. Historically, sales tax has responded in an immediate manner to changes in our employment growth and/or decline. The growth of employment levels for the region continues to be a contributing factor to the City's positive outlook.
  - Although the energy sector has contributed significantly to Houston's economy the ongoing volatility of the Russian invasion of Ukraine has caused uncertainty among the oil industry

# Trends in Sales Tax Revenues FY2019 - FY2023 (\$ in Thousands)



	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Estimate	FY23 Proposed
<b>Adopted/Proposed Budget</b>	\$657,700	\$694,567	\$675,000	\$703,000	\$806,920
<b>Actual/Estimate</b>	\$692,271	\$684,425	\$706,829	\$806,920	\$806,920
<b>Variance: Over/(Under)</b>	\$34,571	(\$10,142)	\$31,829	\$103,920	\$0

# FY2023 General Fund Expenditures Net Change vs. FY2022 Current Budget



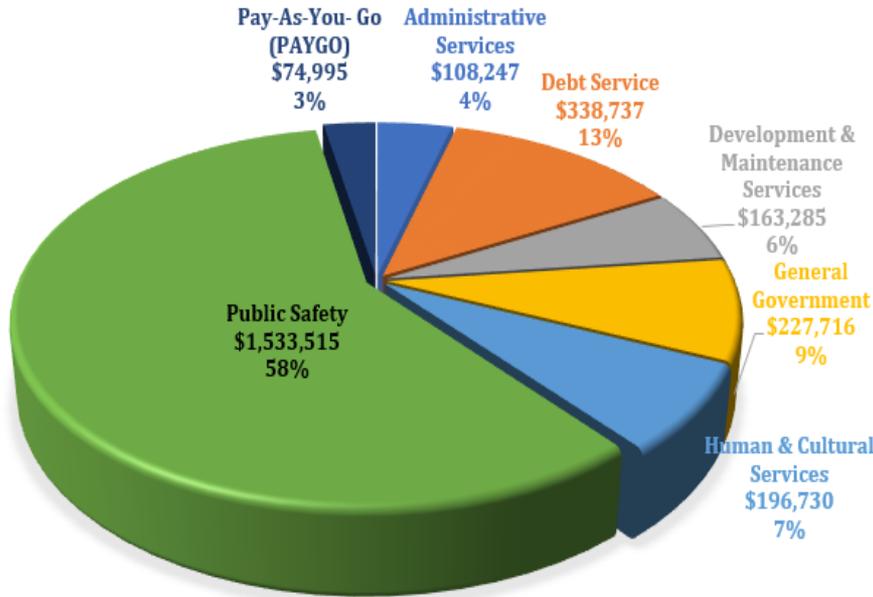
<b>FY2023 General Fund Expenditures - Net Change vs. FY2022 Current Budget</b>	
<b>(\$ in thousands )</b>	
FY2022 Current Budget	\$2,643,225
FY2023 Adopted Budget Incl. Other Resources	\$2,744,966
<b>Incremental Increase/(Decrease)</b>	<b>\$101,741</b>
	3.85%
<b><u>Operating Budget Adjustments</u> Notes</b>	
Employee Compensation 1	\$44,571
Service Chargeback 2	\$18,350
Health Benefits	\$14,776
Other Services & Charges 3	\$8,887
Pension 4	(\$2,293)
611 Walker Deferral	(\$5,162)
<b>Subtotal Operating Budget</b>	<b>\$79,129</b>
<b><u>Operating Budget Adjustments</u></b>	
Debt Service & PAYGO	\$22,612
<b>Subtotal Debt Service</b>	<b>\$22,612</b>
<b>Net Change of Expenditures</b>	<b>\$101,741</b>
<b>Note:</b>	
1. Includes the cost for employee pay raises: Fire Classified - 6%, Police Classified - 4%, and Municipal employees - 3%	
2. Includes increased cost for items such as fuel and IT services	
3. Includes cost for items such as contract escalations and new facility operating costs	
4. Decrease is primarily related to HFRRF being funded at the corridor minimum instead of the midpoint due to greater than expected portfolio performance	

# General Fund Expenditures Including Debt Service & PAYGO

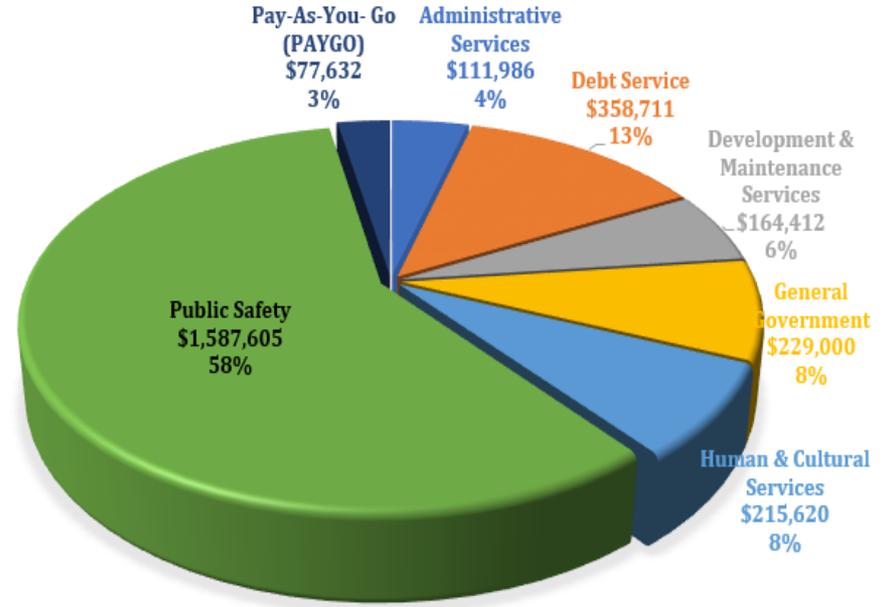
(\$ in Thousands)



**FY2022 CURRENT BUDGET**  
\$2,643,225



**FY2023 PROPOSED BUDGET**  
\$2,744,966



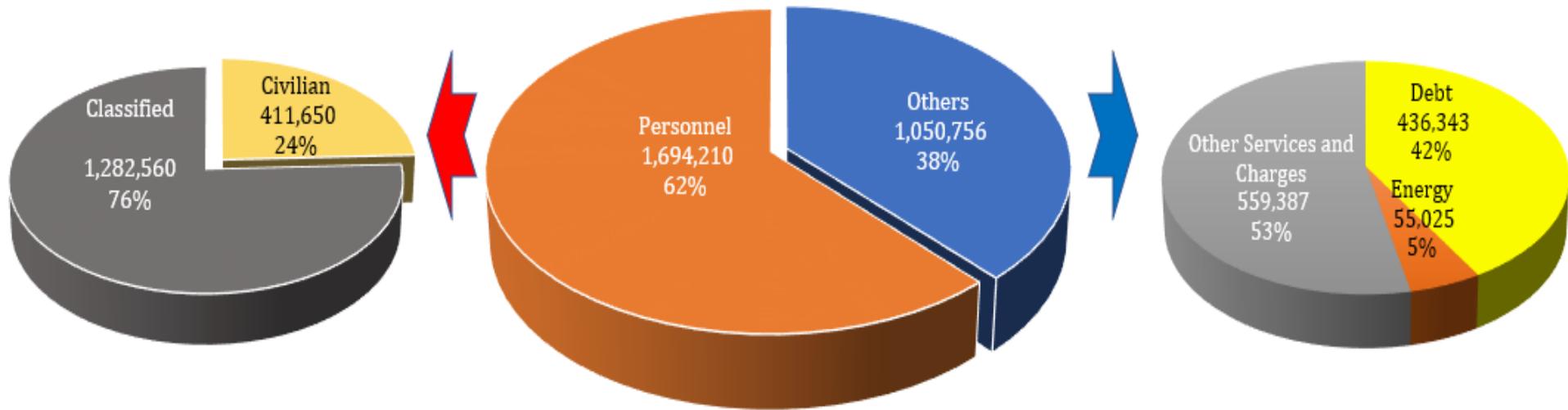
**Net Change**  
**\$101,741**  
**3.85%**

- Public Safety: Police, Fire, Houston Emergency Center (HEC), Municipal Courts
- Other: General Services, Planning & Development, Houston Public Works, Solid Waste Houston Health Department, Housing, Library, Neighborhoods, and Parks Administration and Regulatory Affairs, Controller, City Council, City Secretary, Finance, Human Resources, Legal, Mayor's Office, Office of Business Opportunity

# FY2023 General Fund Expenditures Personnel vs. Non-Personnel (\$ in Thousands)



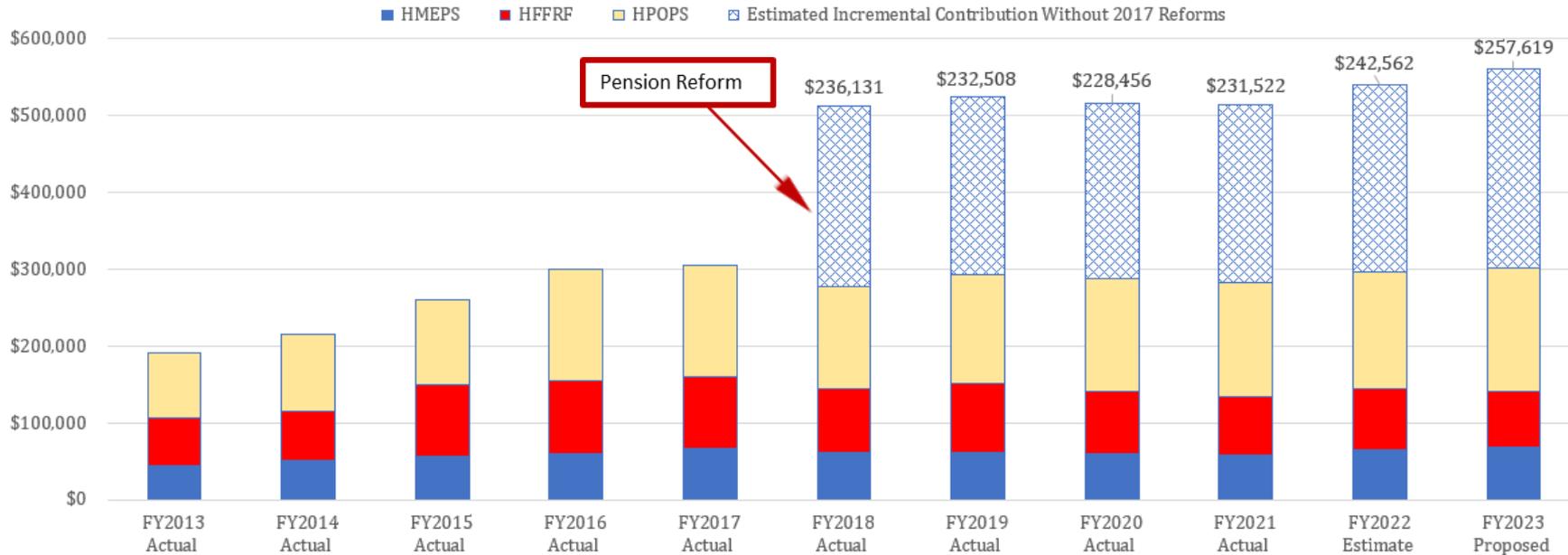
FY2023 PROPOSED BUDGET  
\$2,744,966



(1) Includes items such as salary, FICA, pension, health benefits, overtime, workers' comp, other pays, temp personnel, etc.

# General Fund Pension Contributions

## FY2013- FY2023 (\$ in Thousands)

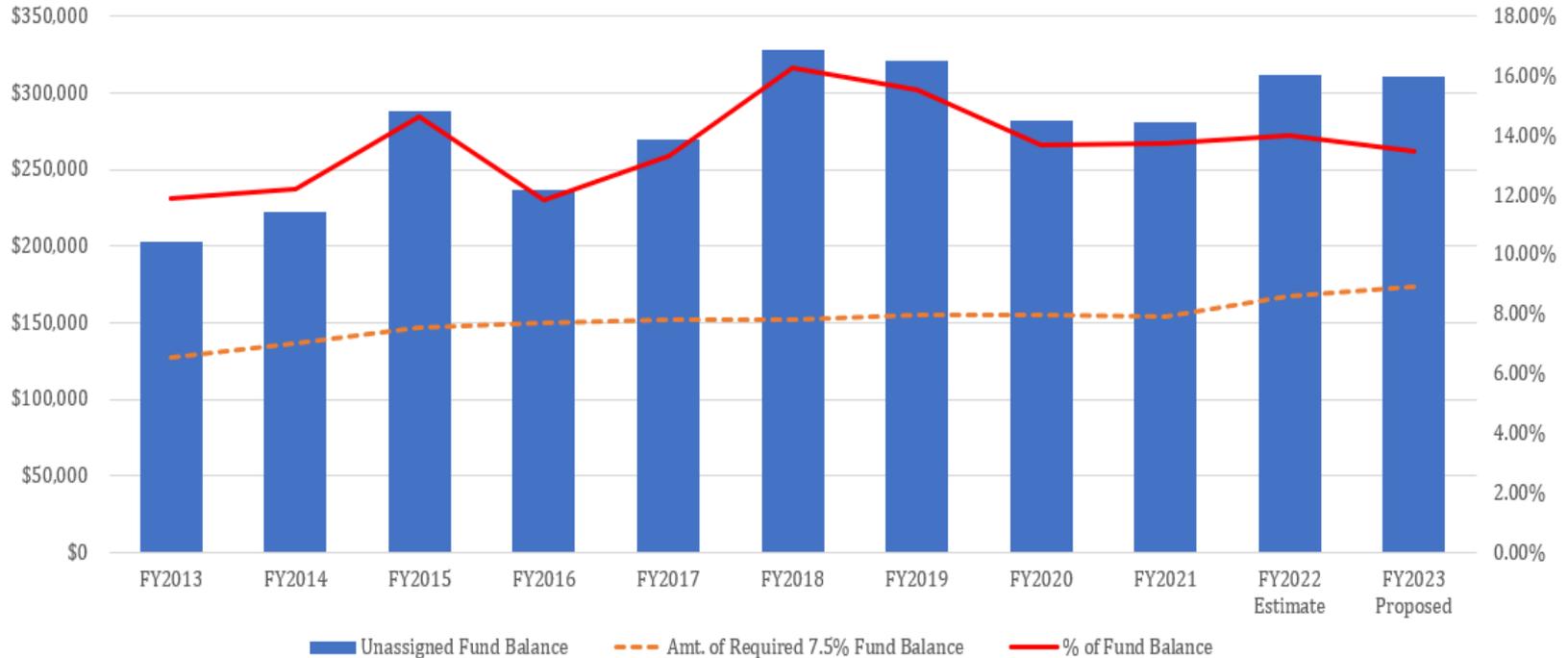


	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Proposed
<b>HMEPS</b>	\$45,219	\$51,106	\$56,813	\$60,221	\$66,751	\$62,526	\$61,641	\$59,768	\$57,556	\$64,894	\$68,551
<b>HFFRF</b>	\$62,141	\$63,758	\$93,407	\$94,121	\$92,958	\$82,940	\$89,902	\$80,760	\$76,293	\$80,282	\$73,031
<b>HPOPS</b>	\$83,526	\$100,614	\$110,727	\$146,216	\$145,646	\$131,645	\$141,096	\$147,487	\$149,641	\$152,000	\$160,910
<b>Pension Contributions</b>	\$190,885	\$215,478	\$260,947	\$300,558	\$305,355	\$277,112	\$292,639	\$288,015	\$283,490	\$297,175	\$302,492
<b>Change YOY (\$)</b>	\$25,319	\$24,592	\$45,469	\$39,611	\$4,796	(\$28,243)	\$15,527	(\$4,624)	(\$4,525)	\$13,685	\$5,316
<b>Change YOY (%)</b>	15.3%	12.9%	21.1%	15.2%	1.6%	-9.2%	5.6%	-1.6%	-1.6%	4.8%	1.8%

<b>Estimated Incremental Contribution Without 2017 Reforms</b>	\$236,131	\$232,508	\$228,456	\$231,522	\$242,562	\$257,619
<b>Total Estimated Contribution Without 2017 Reforms</b>	\$513,243	\$525,147	\$516,471	\$515,012	\$539,737	\$560,110

- Notes:** 1. FY2018 Actual excludes \$910 million Pension Obligation Bonds for General Fund.  
 2. Since FY2018, the full impact of pension reform on City's General Fund contribution is \$1.4 billion.

# General Fund Unassigned Ending Fund Balance FY2013 - FY2023



	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 Estimate	FY2023 Proposed
Unassigned Fund Balance	\$202,842	\$222,620	\$287,842	\$236,947	\$269,558	\$328,346	\$321,436	\$282,068	\$281,202	\$311,867	\$310,724
Amt. of Required 7.5% Fund Balance	\$127,909	\$136,619	\$147,331	\$150,143	\$151,972	\$151,587	\$155,450	\$154,765	\$153,812	\$167,212	\$173,147
% of Fund Balance	11.89%	12.22%	14.65%	11.84%	13.30%	16.25%	15.51%	13.67%	13.71%	13.99%	13.46%
M&O Expenditures	1,705,450	1,821,588	1,964,412	2,001,911	2,026,297	2,021,156	2,072,672	2,063,529	2,050,824	2,229,494	2,308,623

- Notes: 1. FY2018 amount required of 7.5% fund balance is adjusted to excludes \$910 million Pension Obligation Bonds.  
 2. FY2022 and FY2023 include the use of ARPA funding relative to revenue reduction due to COVID-19 public health emergency.



# General Fund Five Year Forecast FY2023 – FY2027



# Overview

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- Shows the projected budget gap range based on a conservative and optimistic growth in revenue
- Does not include one-time land sales
- In compliance with Prop 1+H limitations and holding the senior/disabled exemption at \$160,000
- Pension assumptions based on midpoint of the corridor
- Expenditures include legal mandates, staffing for new facilities, and contractual escalators.



# Key Assumptions – Revenue

Revenue Category	FY2023 Proposed	FY2024 - 2027	Comments
Property Tax Growth %	4.0%	(Low) 1.6% to 2.6% (High)	FY2024 -2027 estimate is based on the maximum allowed revenue by 2004 Proposition 1 and modified by 2006 Proposition H. Range varies using different assumption for CPI and population growth.
Sales Tax Growth %	0.0%	(Low) 1.5% to 2.0% (High)	FY2024 -2027 estimate derived from econometric models which consider the sectors of the Houston economy and estimates of income, prices, population and Primary Metropolitan Statistical Area (PMSA) retail sales Range varies using different assumptions for employment and oil prices.
Franchise Fee Growth %	-1.2%	(Low) -1.2% to -1.3% (High)	FY2024 -2027 estimate based on historical growth. High range assumes slower decline in franchise fee revenue.
Other Revenue Growth %	3.7%	(Low) 1.2% to 1.9% (High)	FY2024 -2027 estimate based on historical growth.
One-time sale of Capital Assets \$mm	\$0.00	(Low) 0.0% to 0.0% (High)	No one-time land sales included.

**Notes:**

(1) Other Revenue Category includes items such as Industrial Assessment, Licenses and Permits, Charges for Services, Interfund Services, Fines and Forfeits

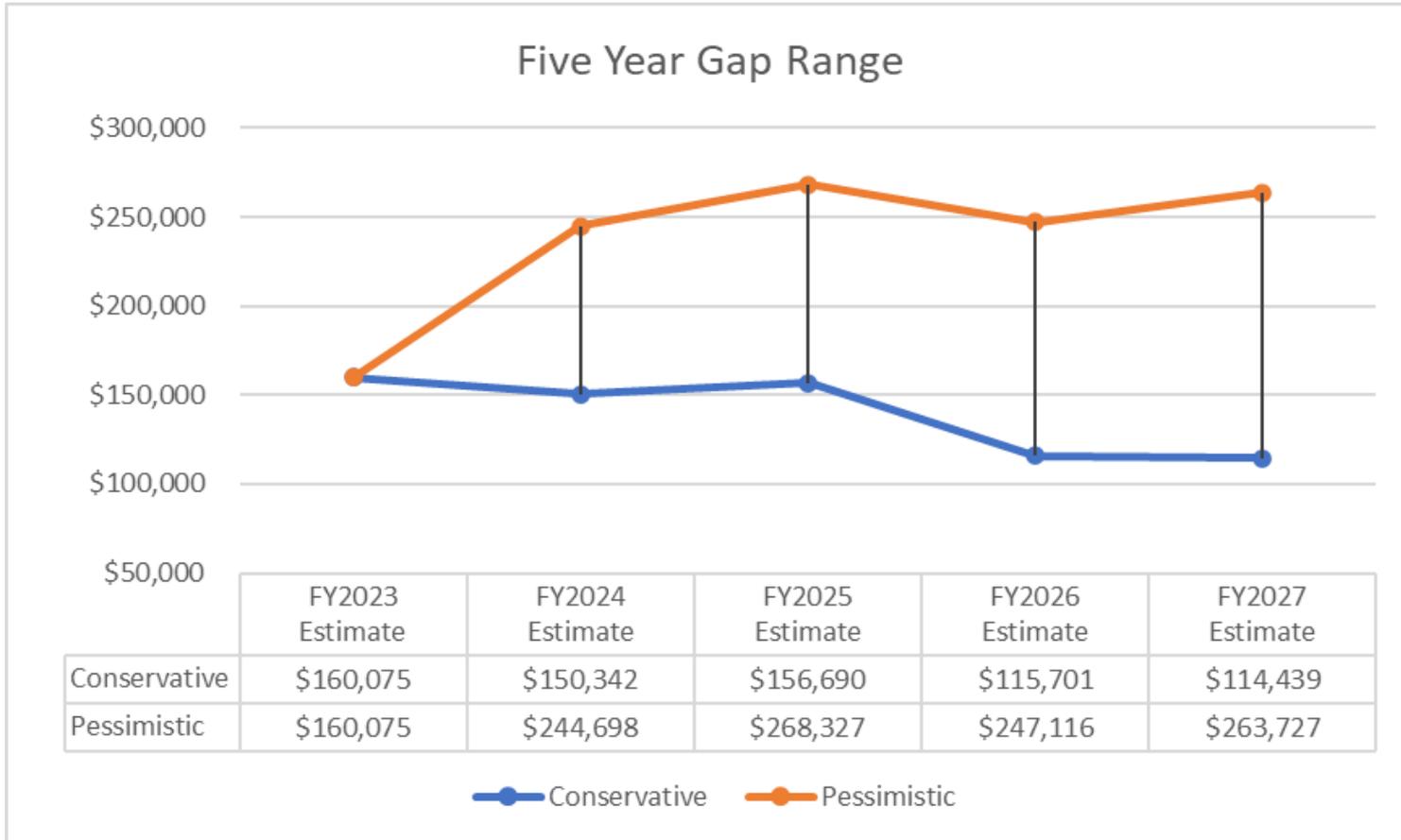


# Key Assumptions – Expenditures

Expenditure Category	FY2023 Proposed	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast	Comments
<b><u>Personnel</u></b>						
• Police Classified	4.0%	3.0%	3.5%	TBD	TBD	10.5% over 3 years approved by Council on 03/23/2022. Effective July 2022 of Fiscal Year 2023
• Fire Classified	6.0%	6.0%	TBD	TBD	TBD	18% over 3 years approved by Council on 06/30/2021. Effective July 2021 of Fiscal Year 2022
• Municipal Employees	3.0%	3.0%	TBD	TBD	TBD	9% over 3 years approved by Council on 08/04/2021. Effective October 2021 of Fiscal Year 2022
<b><u>Pension Contribution</u></b>						
• HMEPS	8.44%	8.48%	8.51%	8.54%	8.57%	Based on the midpoint of the corridor
• HMEPS Legacy (\$mm)	\$142	\$146	\$150	\$154	\$158	Legacy liability contribution
• HPOPS	31.98%	(Low) 27.03% to 32.12% (High)				Based on min-mid point of corridor
• HFRFF	26.89%	(Low) 26.89% to 31.89% (High)				Based on min-mid point of corridor
<b><u>Health Benefits</u></b>						
• Growth %	4.0%	(Low) 5% to 7% (High)				
<b><u>Total Debt Service and PAYGO (\$mm)</u></b>	\$436.3	\$457.8	\$468.0	\$435.7	\$444.3	

# Current Budget Gap FY2023- FY2027

(\$ in Thousands)



**Notes:**

(1) Revenue assumptions exclude the utilization of ARPA funding



# Addressing the Gap – What have we done?

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## *Major items include:*

- Pension Reform
- OPEB Reform
- Shared Services – Joint Processing Center
- Hiring Control – Mayor’s Staffing Efficiency Process
- Implement claw back provision for certain special funds
- EMS Fee adjustment
  - Increased EMS Transport Fee
  - Created new fees
- Health benefit updates
  - Negotiated citywide medical and prescription benefits plan
  - Implemented spousal surcharge
  - Performed dependent eligibility audit



# Addressing the Gap – What's Next?

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- Limitations
  - Property tax revenue cap in City Charter and State Cap
  - Police and Fire cost make up 57% of General Fund spend
  - Impact of COVID-19
- Short-term
  - Build and preserve fund balance
  - Continue to leverage ARPA funding to address revenue losses
  - Continue hiring control
  - Continue to look for efficiencies and cost cutting opportunities
  - Develop new revenue sources
  - Continue working day one to build the fund balance
- Long-term
  - Continue to implement PFM recommendations that are supported by Mayor and City Council
  - Outcome-Based Budget



# Update on Outcome Based Budget



# Phase 1 Activities & Accomplishments

## APPROACH

*Stakeholders were engaged to:*

- Review current state budget process challenges, tech limitations, and overall pain points
- Identify the City's OBB technology requirements to facilitate vendor evaluation and risk identification
- Evaluate and update existing programs and performance measures
- Understand OBB attitudes and develop a strategic change management plan

## ENGAGEMENT BREAKDOWN

45+	Workshops conducted
100+	Unique participants
26	Departments represented
100s	Of Programs defined
4	Vendors demoed



# Findings and Recommendations

Phase 1 activities focused on the budget process, technology, and people considerations needed to make the project prime the City for OBB.

## People

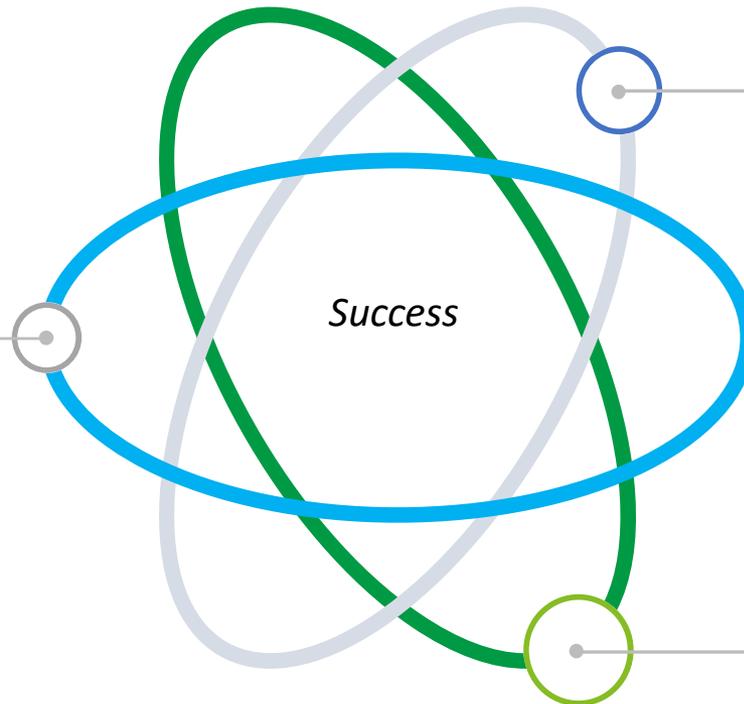
- Stakeholder Analysis and Alignment
- OBB Engagement
- OBB Adoption

## Technology

- Technical and Functional Capabilities
- Decentralized Systems
- Vendor Selection
- Software Implementation

## Process

- OBB Strategic Guidance
- Program Budgeting
- Performance Measures
- Budget Proposal Evaluation
- Budget Calendar & Process Changes



All three areas must be addressed when implementing an OBB budgeting framework for it to be successful



# Phase 2 - What's Next!

A combination of technical and functional opportunities are required to holistically build the base of a successful OBB implementation

01



**Redesign or Introduce Budget Processes**

Redesign business processes that are inefficient in tandem with the solution's capabilities and introduce new business processes for best practice budgeting.

02



**Implement a Comprehensive Budgeting Solution**

Implement and configure a comprehensive solution with key functionalities around budgeting, reporting, planning, and forecasting.

03



**Integrate Solution with Existing Systems**

Integrate the solution with existing budget systems to allow for seamless data updates and ease in consolidating information.

04



**Clarify Roles and Responsibilities**

Provide clarity to staff around decision drivers, role expectations, and resource distribution to reduce tension around decisions and handoffs and increase staff confidence.

05



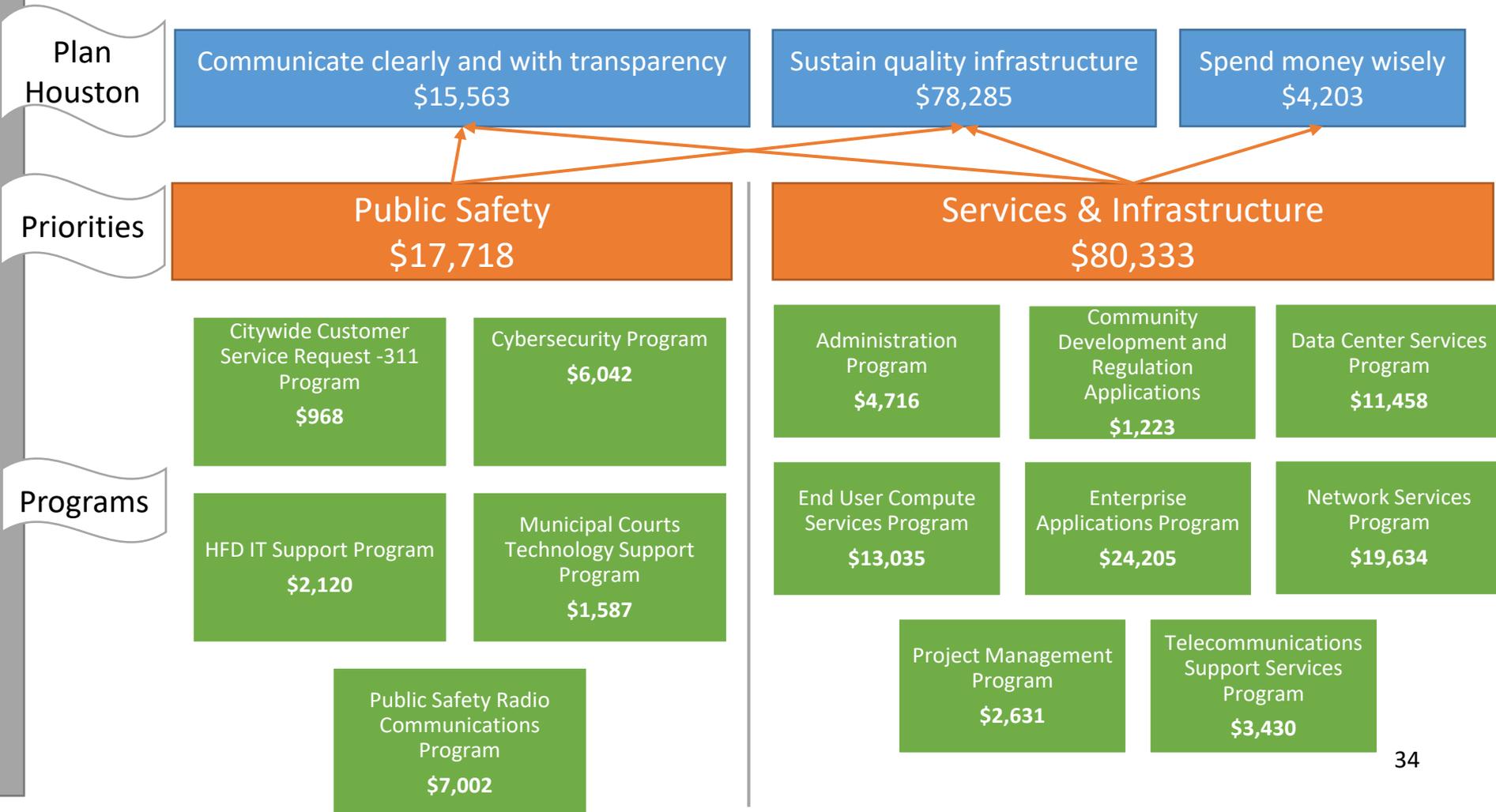
**Redefine the Talent Experience**

Provide staff with the support and resources they need in order to be successful, emphasizing collaboration and transparency.

# Prototype – HITS FY2023 Budget (\$ in Thousands)



Below is some of the work we've done in Phase 1, showing the HITS budget reimagedined in OBB structure. HITS Total Budget is \$98.1 million.



# Prototype – HITS FY2023 Budget



Below is an example of reporting on program detail using HITS FY2023 Proposed Budget

## Outcome Based Budget Program Report

5/8/2022 3:29:41PM

Fund Name : Central Service Revolving Fund  
 Business Area : Houston Information Technology Services  
 Fund No./Bus. Area No. : 1002 / 6800

	Cost Center	CC Name	Percent (%)	Budget	FTEs	Program Budget	Program FTEs
<b>Program:</b>	Citywide Customer Service Request-311 Program						
<b>Description:</b>	City of Houston's non-emergency request service center. This program allows users to submit service requests through phone and web.						
<b>Goal:</b>	Ensure system availability and uptime. Increase service request through web and mobile channels. Provide intuitive and streamlined experience for the public non-emergency request process.						
<b>Mayor's Priority:</b>	Public Safety		<b>Plan Houston:</b> Environment				
<b>Measure:</b>	% of system uptime and availability						
	% of service request submitted online vs call-in take						
	6800020003	HITS - Enterprise Application-311 Support	100.00	968,316	1.8	968,316	1.8
<b>Program:</b>	Cybersecurity Program						
<b>Description:</b>	This program is responsible for Enterprise Cybersecurity policy, vulnerability management & incident response.						
<b>Goal:</b>	Reduce cybersecurity-related risk to the confidentiality, integrity, and availability of City systems, data and information.						
<b>Mayor's Priority:</b>	Public Safety		<b>Plan Houston:</b> Culture				
<b>Measure:</b>	% of vulnerabilities remediated within specified timeframes						
	# of new external campaigns or threat groups that we are tracking						
	% of things found that are attributable to direct intelligence						
	6800010003	HITS - Information Security	100.00	6,042,019	10.1	6,042,019	10.1

**Questions?**